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7 March 1957

MEMORANDUM FOR: Deputy Director/Intelligence
SUBJECT: The Polish Trade Discussion

1. The meeting of 6 March 1957 dealt wholly with the Polish request for a long-term loan to cover the cost of certain specified agricultural commodities which the Poles characterized as surplus in the United States. A minimum estimate of the dollar amount of the agricultural portion of the request on a c.i.f. basis at Stettin would exceed \$200 millions. The agricultural loan would be only part of the total request, although certainly the largest share of the request. The list of agricultural commodities requested would be shipped about half in 1957 and the other half in the first 6 months of 1958. A large share of the total request would build a basic inventory or operating reserve for consumer good industries.

2. The Polish Chief Delegate opened the presentation by indicating that the Poles were disappointed in the prepared statement read by the American Chairman on 5 March, that they did not expect aid in a philanthropic sense, that they were unable to pay cash but could over a long term repay in dollars. They indicated that they "could not be satisfied by what could be obtained through chinks in the wall, the wall would have to come down."

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3. The presentation then enumerated their principal interest by commodity and time period required. They wanted:

a) 100,000 metric tons (MT) of cotton

30,000 for 1957

30,000 for 1958

40,000 for inventory or operating reserve

(They indicated a reserve of "only a few days" existed at present. This condition has led to frequent work stoppages, to seasonality of work, to production of less than a full line of products all of which have meant high cost production. They characterized the need for "rhythmical production" a standard communist term to secure continuous full level production.)

b) 70,000 MT of pure fat content oil seeds, oil and oil cakes

30,000 MT for 1957

20,000 MT for 1958

20,000 MT for operating reserve

(Stocks were 8,000 MT on 1 January 1957)

c) 1,500,000 MT of grain

500,000 MT for 1958

1,000,000 MT for reserves with which to facilitate end of compulsory deliveries.

d) 3,000 MT of wool, all for establishment of a reserve.

e) 20,000 MT of citrus fruit, to improve quality of food supply.

f) 6,000 MT of powdered milk, have imported no powdered milk in past although they estimate their needs at 9,000 MT annually.

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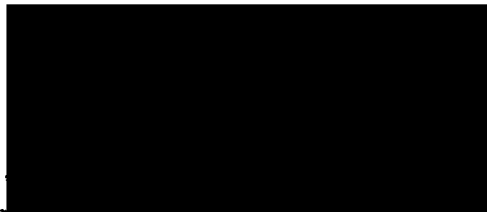
4. Although this appears to be a pretty complete shopping list of agricultural commodities, the Poles presented it as a minimum genuine need. Questioned as to their priority within this list they first replied, "the 1957 deliveries were separated because they were most urgent"; later when pressed to define within the annual deliveries, they specified "the cotton, fats, and grain."

5. The request for specific commodities was in all cases accompanied by a presentation of Polish production of the instant commodities, and Polish foreign trade in the commodities or their products, data which will be made available in a separate detailed report.

6. A small working group on agricultural commodity exchange was constituted and met following the plenary session. This and all such working groups will negotiate details toward an agreement and will report to the full delegations where any decisions on the shape of the proposed agreement shall be made.

7. The 7 March 1957 meeting will consider Polish proposals for credits or other arrangements for the importation of capital equipment and other machinery items.

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